

ROAD MAP AND DEVELOPMENT HALAL INDUSTRY SECTOR IN INDONESIA

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ABSTRACT

The purpose of this research is to find out the halal industry roadmap and the development of the halal industry sector in Indonesia. This research uses a literature review. The literature review uses data from trusted sources to be the research method of the technique used. The result of this study is that the halal industry in Indonesia began with research on food and beverage products found to contain pork extracts in 1988, so the government acted to form the MUI Food, Drug and Cosmetics Assessment Institute (LLPOM) officially in 1989 as the first halal inspection agency in Indonesia. The findings of this study suggest that stakeholders involved in the growth of the halal industry in Indonesia should support the halal industry roadmap. The halal industry business is developing in several sectors, including manufacturing, infrastructure, services, human resources, and halal certification standards. To overcome the demands of the growing halal industry in Indonesia, the government, business companies, and academics must collaborate and synergize to achieve the goal of making Indonesia a global halal center. The halal roadmap will help build and grow the halal ecosystem more methodically and comprehensively.

Keywords: Ecosystem, Halal, Industry.

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui bagaimana peta jalan industri halal dan pengembangan sektor industri halal di Indonesia. Penelitian ini menggunakan tinjauan literatur. Tinjauan literatur menggunakan data dari sumber terpercaya menjadi metode penelitian dari teknik yang digunakan. Hasil penelitian ini adalah industri halal di Indonesia berawal dari riset produk makanan dan minuman ditemukan mengandung ekstrak babi di tahun 1988, sehingga pemerintah bertindak membentuk Lembaga Pengkajian Pangan, Obat-obatan dan Kosmetika (LLPOM) MUI secara resmi di tahun 1989 sebagai lembaga pemeriksa halal pertama di Indonesia. Temuan penelitian ini menyarankan agar pemangku kepentingan yang terlibat dalam pertumbuhan industri halal di Indonesia harus mendukung peta jalan industri halal. Bisnis industri halal yang berkembang di beberapa sektor, antara lain manufaktur, infrastruktur, jasa, sumber daya manusia, dan standar sertifikasi halal. Untuk mengatasi tuntutan industri halal yang berkembang di Indonesia, pemerintah, perusahaan bisnis, dan akademisi harus berkolaborasi dan bersinergi dalam rangka mencapai tujuan menjadikan Indonesia sebagai pusat halal global. Peta jalan halal akan membantu membangun dan menumbuhkan ekosistem halal secara lebih metodis dan komprehensif.

Kata Kunci: Ekosistem, Halal, Industri.

INTRODUCTION

Every customer, especially Muslim consumers, must demand that a product be halal. Food, medicine, and other consumer items make up both of the products. As soon as there are 204.8 million Muslim customers in Indonesia, that country's market instantly becomes very enormous for Muslim consumers. As a result, it is crucial to draw the state's attention to the assurance of halal products. According to the Preamble of the Republic of Indonesia's 1945 Constitution (1945 Constitution), the State must safeguard the whole Indonesian nation, stop all violence there, and promote overall well-being.¹ In this regard, producers or business actors must provide halal and good food for consumption in accordance with the Islamic path which is basically related to promoting human welfare through self-preservation, wealth, intelligence, faith and offspring.² The objective of Islamic economics is not only focused on commercial objectives, which are manifested in attaining maximum profit alone³, but also takes into account its role in ensuring general social welfare.⁴ The roles of corporate actors and consumers, however, might go out of balance under specific circumstances and occurrences, leaving consumers in a worse position.⁵ In light of this, it is essential to revive or construct development indicators ⁶ for the halal sector that can reveal the state of the Muslim population.⁷

The halal market in Indonesia has a lengthy history. According to the Inter-Census Population Survey (SUPAS), Indonesia will have a population of 277.75 million people in 2022, making it the country with the biggest Muslim population in the world. Of those, 241.7 million people will be Muslims. In 2022, there were 2.1 billion Muslims worldwide. By 2023, it is projected that there would be 27.5% more Muslims than there are people overall. The global Muslim population spent USD 2.2 trillion (excluding Islamic finance) in 2018 across a variety of halal economic sectors, including food and drink, halal

¹ May Lim Charity, "Jaminan Produk Halal Di Indonesia," *Jurnal Legislasi Indonesia* 14, no. 1 (2017): 99–108.

² Syahrudin Kadir, Murtiadi Awaluddin, and K Amiruddin, "Variant Development of the Halal Food Industry In Indonesia : The Role of Sharia Banking," *Li Falah: Journal of Islamic Economics and Business Studies* 4, no. 2 (2022): 43–58.

³ Syahrudin Kadir, "Pengembangan Pengukuran Kinerja Dengan Pendekatan Masalahah Score Card," *Ad-Deenar: Jurnal Ekonomi dan Bisnis Islam* 3, no. 2 (2019): 149–172.

⁴ Syahrudin Kadir, Muhammad Wahyuddin Abdullah, and Amiruddin Kadir, "Analisis Pengukuran Kinerja Dengan Pendekatan Masalahah Scorecard," *Jurnal Minds: Manajemen Ide dan Inspirasi* 6, no. 1 (2019): 53.

⁵ Syahrudin Kadir, "Labelizing of Manufacturing Halal Industry Products for Achieving Customer Satisfaction In The Perspective of Masalahah Daruriyah," *El-Qish: Journal of Islamic Economics* 2, no. 1 (2022): 23–31, <https://jurnal.ut.ac.id/index.php/elqish/article/view/4150/1285>.

⁶ Syahrudin et al Kadir, "Political Stability, Macro Economics, and Islamic Human Development Index (i-Hdi) In Oic Countries," *Jurnal Syarikah* 8, no. 2 (2022): 245–253.

⁷ Syahrudin Kadir, "Analyst of Sale and Buy Practices in a Review of Sharia Economic Law (Study on Cina Market in Bone Regency)," *El-Uqud: Jurnal Kajian Hukum Ekonomi Syariah* 1, no. 1 (2023): 15–27.

medicines and cosmetics, halal clothes, halal tourism, halal media, and halal entertainment.⁸

Given that Indonesia is the nation with the biggest Muslim population in the world and that it hasn't been able to become a supplier nation for the demands of halal goods around the globe, the statistics above undoubtedly make some people unhappy. This is seen by the fact that Indonesia is unable to rank in the top 10 in any one area of the halal business. Halal cuisine has not been able to satisfy an Indonesian Muslim's fundamental requirement for eating. There is a significant disconnect between the halal industry's potential and its actual state as it currently exists.⁹

One of the issues and difficulties the halal business is now facing is a shortage of competent people. Halal company is becoming more and more popular, thus finding qualified individuals to handle halal problems should be a top priority. To maintain sustained industrial growth in the future, the sector has to concentrate on human capital development. First, there is a dearth of qualified and experienced personnel who can operate in the halal business. If this issue is not promptly solved, it might impede the industry's expansion. The industry must also acquire information to guarantee that it keeps up with global trends, particularly changes in customer tastes and manufacturing patterns.¹⁰

In the modern food business, food is processed using a variety of innovative processing techniques and processes that make use of scientific and technical advancements that human resources must also comprehend to produce food that is fit for consumption by people all over the world. The majority of food businesses and food technology goods do not, however, use the halal certification system. This raises worries that Indonesia is being inundated with food goods and other products that contain or are polluted with haram ingredients as a result of regional, international, and global free trade. Preservatives that are unhealthy for consumers to consume or additives that include haram substances, which are forbidden in Islam, can occasionally be found in processing, storage, handling, and packaging processes.¹¹ Despite this, the demand for Halal food is still significant due to rising awareness of the holiness of Islam among Muslims and growing sensitivity to sanitary food consumption among non-Muslims, making it one of the biggest industrial potentials.¹² Muslims and non-Muslims alike are

⁸ Sukoso et al., *Ekosistem Industri Halal*, ed. Asep A. Prohanto et al., *Bank Indonesia*, vol. 5 (Jakarta: Departemen Ekonomi dan Keuangan Syariah Bank Indonesia, 2022).

⁹ Muhammad Anwar Fathoni and Tasya Hadi Syahputri, "Potret Industri Halal Indonesia : Peluang Dan Tantangan," *Jurnal Ilmiah Ekonomi Islam* 6, no. 03 (2020): 428–435.

¹⁰ Nasdaq Sharia Indexes, "Global Halal Industry : An Overview," in *Global Islamic Finance Report 2013*, 2010, 140–159, http://www.gifr.net/gifr2013/ch_13.PDF.

¹¹ Charity, "Jaminan Produk Halal Di Indonesia."

¹² Nor Ai'han Mujar and Norizan Hassan, "The Economics Of Halal Industry," *IQTISHADIA: Jurnal Ekonomi & Perbankan Syariah* 11, no. 3 (2016): 1–15.

aware of the benefits of eating halal food since, in their opinion, doing so is safer.¹³

The market share of the world halal industry is not limited to the Muslim market community, because halal products are believed to be quality products as a whole and may be consumed by anyone.¹⁴ Along with the times, the halal consumer market in Indonesia is experiencing an increasing trend along with Muslim awareness in consuming halal products as one of the obligations mentioned in the Qur'an, Al-Baqarah 168 which emphasizes that halal products are for all levels of the ummah. human beings and are products that have undergone a series of quality assurance processes. Therefore the development of halal in Indonesia requires planning that relies on the complexity of the development of the halal industry itself. Considering that the halal ecosystem is a series in the supply chain and value chain¹⁵ that provides each stage is halal, it can be said that the halal ecosystem provides/describes a dynamic system. , with the development of the supporting components of the halal ecosystem which will include the development of related fields according to the halal requirements of the components and stages. The formation and development of a halal ecosystem will be developed more systematically and comprehensively in terms of having a road map for halal development.¹⁶

The passage of Law Number 33 of 2014 concerning Halal Product Guarantee (UUJPH) highlights how urgent the halal-haram debate is throughout the entire supply chain, from business actors to consumers and everything in between. Before reaching final consumers, intermediaries like distributors, sub-distributors, wholesalers, and retailers play a key role. The general public's (consumers) acquisition of legal certainty about food items and other consumer goods is the goal of the implementation of UUJPH. When it comes to business players, UUJPH's existence provides guidelines for how to create, sell, and process items for the consumer community as well as how to tell customers about halal products.¹⁷

The "Portrait of the Indonesian Halal Industry: Opportunities and Challenges" study by Muhammad Anwar Fathoni and Tasya Hadi Syahputri revealed that Indonesia has a great deal of potential to expand the halal sector. These opportunities include the large Muslim population, which is expected to reach 256 million in 2050, the expansion of various halal industry sectors, particularly the financial, tourism, and fashion industries, the world's

¹³ Rininta Nurrachmi, "The Global Development of Halal Food Industry : A Survey," *Tazkia Islamic Finance and Business Review* 11, no. 1 (2017): 39–56.

¹⁴ Organization of Islamic Cooperation, "Strategic Roadmap for Development of Islamic Tourism in OIC Member Countries," in *SESRIC*, 2018, 1–72.

¹⁵ M. Soon Jan, M., Chandia, M., & Regenstein Joe, "Halal Integrity In The Food Supply Chain.," *Emerald Insight* 119, no. January (2017): 29–51.

¹⁶ Sukoso et al., *Ekosistem Industri Halal*, vol. 5, p. .

¹⁷ Charity, "Jaminan Produk Halal Di Indonesia."

recognition of Indonesia's accomplishments, Indonesia's geographical advantages and demographic advantages, technological advancements, and the ratification of the Halal Product Guarantee Act number 33 of 2014. In addition, challenges to the halal industry are the lack of halal awareness among Indonesian people, there are problems in implementation, and the number of competing countries, there is no halal certificate that applies internationally.¹⁸ The potential and difficulties faced by Indonesia's halal business are the main subjects of the study. While the author will talk about how to grow the halal market by utilizing these possibilities and chances.

Based on the description above, the writer is interested in conducting further research on how the halal industry in Indonesia is based on the formation of a halal product guarantee institution because the community needs based on obtaining a halal guarantee for a product and this is the hope of the authors in this study to obtain a clear and specific picture. Awareness of the importance of halal development and ensuring the halalness of a product in Indonesia is the reason for the need for discussion on the road map for the development of the halal industry in Indonesia.

METHOD

This study is qualitative. A review of the literature from several earlier studies was the research strategy adopted in this study. Secondary data from journals, reference books, and the internet are the source of the data utilized in the data-gathering process. Data from reputable sources, including the Ministry of Industry, the Financial Services Authority (OJK), the Central Statistics Agency (BPS), KNEKS, Bank Indonesia, and Islamic Economic Global, are among them.¹⁹ A literature review is a report of research carried out on a particular problem to describe to readers what will be known and not known to obtain truth in the research idea.²⁰ Organizing conversation topics and gathering library information by reading, taking notes, and gathering it from a variety of sources, including books, journals, papers, and the internet.²¹

RESULTS AND DISCUSSION

Halal Industry Road Map

The roadmap for the halal industry in Indonesia is moving with the increasing awareness that Muslims, as the largest population in Indonesia, need halal products as an obligation to consume or use. Awareness of the

¹⁸ Fathoni and Syahputri, "Potret Industri Halal Indonesia : Peluang Dan Tantangan."

¹⁹ Faqiatul Mariya Waharini and Anissa Hakim Purwantini, "Model Pengembangan Industri Halal Food Di Indonesia," *Jurnal Muqtasid* 9, no. 1 (2018): 1–13.

²⁰ Andrew S. Denney and Richard Tewksbury, "How to Write a Literature Review (2)," *JOURNAL OF CRIMINAL JUSTICE EDUCATION* 24, no. 2 (2013): 7–11.

²¹ Nursalam, *Metode Penelitian: Pendekatan Praktis*, Salemba (Bandung, 2016).

importance of halal development and ensuring the halalness of a product in Indonesia will have an impact on the need for a road map for the development of the halal industry in Indonesia, starting with, among other things, the disclosure of product presentation events which has caused controversy in the community due to the lack of guarantees regarding halal products that have experienced an accumulation of explosions. in 1988. This incident occurred at Brawijaya University, Malang based on the results of studies and research from a researcher namely Prof. Dr. Tri Susanto. MApp.Sc, lecturer in food science at Brawijaya University Malang. The results of an analytical study of food products circulating on the UB campus in 1988 were in the form of research results outlined in a paper to provide knowledge and notification to the public about the need to be careful in consuming food and drinks. The results of the research were published in the campus environment of the University of Brawijaya Malang. The results of this research describe several findings on food and beverages that should be wary of because they contain several derivatives/derivatives of ingredients extracted from pigs which are added as food additives, such as lard, gelatin, shortening, lecithin, and fat which may be coming from pigs.

The results of this study not only give caution to the UB campus community but also receive attention from studies at the Al-Fallah Mosque in Surabaya. What was conveyed became information material that was spread in the East Java Muslim community and made important information at the national level. This information has an economic impact on the loss of Muslim confidence in consuming several foods and beverages which results in a decrease in production value of up to 20-30%. This condition greatly affects the state of the national economy, because East Java Province nationally is the province that absorbs the largest national food production and is the center of national food and beverage processing industry activities so it has a significant influence on national conditions. Because of this very worrying condition, the government invited the Indonesian Ulema Council (MUI) to provide peace to Muslims by providing information that was broadcast on various media, one of which was on TVRI. The next step was for the MUI to establish the Food and Drug Research Institute, known as LPPOM MUI, on January 6, 1989, which was chaired for the first time by Prof. Dr. Aisyah Girindra, and started the halal certification process in Indonesia. This institution was established by a decision of the Indonesian Ulema Council (MUI) based on permit decision letter number 018/MUI/1989, on 26 Jumadil Awal 1409 Hijriah or January 6, 1989. Certification is carried out voluntarily because there are no laws or regulations from the government that manage it by the process.

The state's attention to halal food had started long before in 1976 the handling of halal labels had started with the Decree of the Minister of Health No. 280/Men.Kes/Per/XI/1976 dated 10 November 1976 concerning

Provisions on Circulation and Labeling of Foods Containing Ingredients Derived from Pigs. The SK concept was submitted to the Minister of Health, who at that time was held by the late Prof. Dr. GA Siwabessy. The deceased immediately agreed, even though he was a Christian, according to Sunarto's writings in his biography, Indonesian Pharmacy Development Initiative. The law mandates that a label with the words "contains pork" and an image of a whole pig in red on a white background be placed on all foods and beverages that include pork. The Indonesian Food and Beverage Entrepreneurs Association (GAPMMI) and other partners provide labels to businesses at no cost. Why is food ever labeled as having pork? The majority of the food and beverages being consumed in Indonesia at the time were halal, according to Sunarto. Therefore, it is more realistic to ensure 1% of non-halal food in restaurants and hotels initially.²²

The next series of events came with the issue that occurred in 2001, known as the flavoring scandal. This incident occurred in Mojokerto, at the center of the flavoring production in question. The Indonesian Ulema Council officially issued a fatwa not to consume the intended flavoring products from 13 October to 24 November 2000, as stated by the General Secretary of the MUI because they contain pork enzymes. This enzyme is produced by bacteria by changing the growth medium for bacteria producing the enzyme from polypeptide to bactosoytone which is thought to contain ingredients from derivatives extracted from pigs. This case urged the management to withdraw products from the public in the amount of around 10 thousand tons from the market. Following up on these violations, the Directorate General of Drug and Food Control at the Ministry of Health, LPPOM MUI, and the Ministry of Religion held a closed meeting to discuss the matter. Chairman of the Association of Indonesian Food and Beverage Companies (GAPMMI) Thomas, at that time, stated that every product that carries a halal label must report any change in nutritional use to the agency. Sourced from the two major cases above which have implications for declining national production as a result of the loss of consumer confidence in these halal products, provide input to the government, and the People's Representative Council of the Republic of Indonesia (DPR RI) as the legislative body to draft laws. The struggle to draft the law took about 10 years, which was officially accepted by the DPR RI and submitted to the Government (President) and the agreement was signed and promulgated on October 17, 2014. And is known as the Law on Halal Product Guarantee (UU JPH), number 33 as stipulated in the JPH law, the party implementing the Halal Product Assurance (JPH) is the Halal Product Assurance Organizing Agency (BPJPH).

The contribution of many parties in the development of the halal industry in Indonesia has encouraged the emergence of various institutions

²² Sukoso et al., *Ekosistem Industri Halal*, vol. 5, . .

and policies. Institutions that have high linkages and interest in the halal industry have enriched the repertoire of legible halal industry roadmaps. The establishment of the National Islamic Finance Committee (KNKS) which later turned into the National Islamic Financial Economic Committee (KNEKS), the attention of Bank Indonesia (BI) in encouraging the development of Islamic finance, as well as several consulting institutions such as the Indonesian Halal Lifestyle Center (IHLC), have issued and strengthened the map roads for the halal industry, and several State Universities that have established Halal Centers or Halal Studies centers such as at Brawijaya University Malang, Salman Mosque in the ITB Bandung environment. Even in 2018, a special seminar was held to enrich the preparation of the halal industry roadmap. In addition, the National Development Planning Agency (Bappenas) also issued the 2019-2024 Indonesian Sharia Economic Masterplan in which the halal industry is included. The road maps that have been issued by several institutions have many similarities. Bank Indonesia as an example has issued a blueprint for the development of the sharia economy and finance in 2017 which has a vision of supporting the realization of Indonesia as a center for world Sharia economy and finance, and consists of 3 (three) main pillars, namely as follows: a. Pillar 1 regarding Islamic Economic Empowerment; b. Pillar 2 regarding Islamic Financial Market Deepening; and c. Pillar 3 concerning Strengthening Research, Assessment, and Education.

Regarding the halal industry roadmap, it is only included in Pillar 1, Islamic economic empowerment, where the strategy of empowering the halal-related economy is carried out through Strengthening the halal value chain in the form of developing a halal value chain ecosystem; Institutional strengthening through collaboration with ministries, agencies, institutions, and/or other stakeholders; and Strengthening and developing supporting infrastructure through (i) strengthening the regulatory framework; (ii) standardization and supervision of the halal value chain; (iii) support for the establishment of special economic zones; (iv) development. Information technology-based product marketing infrastructure; and/or (v) other activities. Ecosystem development in strengthening the halal value chain is carried out through the development of sharia businesses in Islamic boarding schools, MSMEs, and large businesses which cover the following priority business sectors: Integrated agriculture, processing industry (food, medicine/cosmetics and clothing), New and renewable energy, and Tourism lawful. This strategy is also carried out through various strengthening and support efforts such as i) Institutional Strengthening. through the mapping of sharia institutions and/or business actors, facilitating the formation of Islamic boarding school business holdings and the establishment of institutions/institutions that play a role in the process of issuing and providing halal certification services; and ii) implementation support, including through sharia business assistance and training, provision of

resources/infrastructure/equipment, facilitation of expanding market access through developing business relationships between Islamic boarding schools/Shariah MSMEs/Corporations and others as well as facilitating the process of halal certification and standard product certification national. The halal roadmap for other institutions, as an example, is the roadmap from IHLC, which states that the five-year roadmap which will end in 2024 is divided into several stages, namely:

1. Stages of strategy formalization;
2. Stages of the establishment of government infrastructure;
3. Complete implementation stages.

At the stage of formalization of the strategy, it must be formalized to be officially binding. The formalization of this strategy is very important to provide official guidelines and guidelines for implementing the entire roadmap plan. The government infrastructure formation stage is intended to encourage and facilitate the implementation of a formally defined strategy. At this stage, it is expected that the infrastructure that supports the implementation of the halal industry strategy can be implemented smoothly. One of the most important is the legislation and the subsidiary rules that accompany the legislation. The final stage is the complete implementation of the halal industry roadmap. At this stage, there are four factors, each of which has its direction of development. The four factors are:

1. Consumers;

The consumer factor must be prepared to welcome halal products. Consumers here include domestic consumers and international consumers. The development direction of this consumer is to do, 1). Awareness of the importance of halal products and at the same time the fact that halal products can't flood the market; 2). Provision of consumer-related data; 3). Provision of a domestic market for halal products.

2. Industry;

Companies or industries have an important role in implementing halal. Some that must be done by the industry are: 1). Develop a company roadmap not only domestically but also internationally; 2). Product development dedicated to welcoming the halal market; 3). Collaborating with the government and decision-makers to be able to support government exports while educating the world about Indonesian halal products; 4). Access to Islamic fund providers (Islamic finance).

3. Government;

Government involvement in the halal industry roadmap is carried out by, 1). In coordinating halal-related institutions, the biggest challenge is that many institutions in Indonesia already exist and are players in halal. This is a strength as well as a challenge for the government to align these institutions and institutions; 2). The government must align activities and responsibilities between halal institutions in Indonesia; 3). Encouraging

and supporting the progress of halal-related industries, for example by providing sharia funds specifically aimed at the halal industry and this is the reason banking institutions are one of the government's factors.

4. The National Committee for the Development of Islamic Economics and finance;

Through the creation of a national commission that is directly led by the President of the Republic of Indonesia, the government supports the growth of the Islamic financial system, including the halal business. Based on Presidential Regulation Number 91 of 2016, the National Islamic Finance Committee, or KNKS, was established. The National Sharia Economic and Finance Committee (KNEKS), which replaced the KNKS as a non-structural organization (not under the Ministry), was created by Presidential Regulation Number 28 of 2020. By strengthening coordination, synchronization, and synergy between authorities, ministries/agencies, and other stakeholders in the Islamic economic and financial sector, this national committee was established to support national economic development and accelerate the development of the Islamic economic and financial sector. KNEKS performs the following duties: 1) offering advice on the direction of policies and strategic programs for national development in the Sharia economic and financial sector; 2) implementing coordination, synchronization, and synergy in the preparation and implementation of strategic policies and programs for the sharia economy and finance; 3) identifying and offering suggestions for resolving issues in the sharia economy and finance sector; and 4) monitoring.

The organizational structure of KNEKS is as follows: Chairman (President of the Republic of Indonesia), Deputy Chairperson and Daily Chairperson (Vice President of the Republic of Indonesia), Secretary (Minister of Finance), Members (15 ministries/agencies including all coordinating ministries, Ministry of Religion, BI, OJK, the ministry of industry, the ministry of BUMN, the ministry of tourism, MUI, KADIN), and Executive Management. The daily implementation of KNEKS is carried out by executive management led by the Executive Director and supported by work units and the secretariat. KNKS/KNEKS has created an "Indonesian Sharia Economic Masterplan 2019-2024" with strategic stages for the growth of the Islamic economy and finance, including the halal sector in Indonesia. This plan is related to the development of the halal industry in Indonesia. Additionally, a plan for bolstering the value chain of the factors contributing to the growth of the halal business has been developed. With the help of this master plan, Indonesia's chances for the growth of the halal industry are becoming more and more promising for future halal-based economic growth, making it competitive with other nations that already

have a road map and are putting it into practice to become the global hub for sharia economy and finance.

5. Establishment of the Halal Product Assurance Organizing Body (BPJPH);

Other government involvement, one of which is the existence of a halal guarantee institution from the Indonesian government which is based on law, namely the Halal Product Assurance Organizing Agency or abbreviated as BPJPH. The basis for the birth of BPJPH is Law No. 33 of 2014 concerning Halal Product Guarantee (JPH). BPJPH's task as a government institution is to produce regulations that explain the implementation of Law No. 33 of 2014 concerning JPH. This regulation is known as PP No 31 of 2019, which was signed by the President of the Republic of Indonesia, on April 29, 2019, and promulgated by the Ministry of Law and Human Rights on May 3, 2019. This regulation contains an operational mechanism for implementing Halal Product Assurance. The legal basis for the establishment of BPJPH is UU JPH number 33, year 2104. After the DPR passed the Halal Product Guarantee law on October 17, 2014, as a legal basis for implementing halal product guarantees, this law is binding on all Indonesian citizens (not just Muslims) to obey and carry out the contents of this law. The JPH Law was submitted to the government to further elaborate its contents. The Ministry of Religion of the Republic of Indonesia is the institution that implements and describes the contents of the JPH Law. In carrying out and elaborating on the contents of the JPH Law, the President issued Presidential Regulation Number 83 of 2015 concerning the Ministry of Religion which regulates the establishment of the Halal Product Guarantee Agency within the organizational structure of the Ministry of Religion as an Echelon 1 (one) unit, as stated in article 4, Presidential Decree number 83, 2015.

Based on Presidential Regulation 83, 2015, the organizational structure of BPJPH refers to articles 45 to 48, which is the basis for further elaboration in Minister of Religion Regulation (PMA) number 42, 2016 concerning organization and work procedures at the Ministry of Religion. In PMA 42, the organizational structure/structure and work procedures of BPJPH are described in chapter 13, where BPJPH is led by a Head of Agency as head of the echelon 1 unit. The first head of BPJPH is Prof. Ir. Sukoso., M.Sc., Ph.D., a Professor of Fisheries Product Technology at Brawijaya University, Malang was inaugurated on Wednesday (02/08/2017) in Jakarta, Ministry of Religion of the Republic of Indonesia. From this inauguration, the official organizational structure of BPJPH is to operate as an echelon-one unit within the Ministry of Religion.

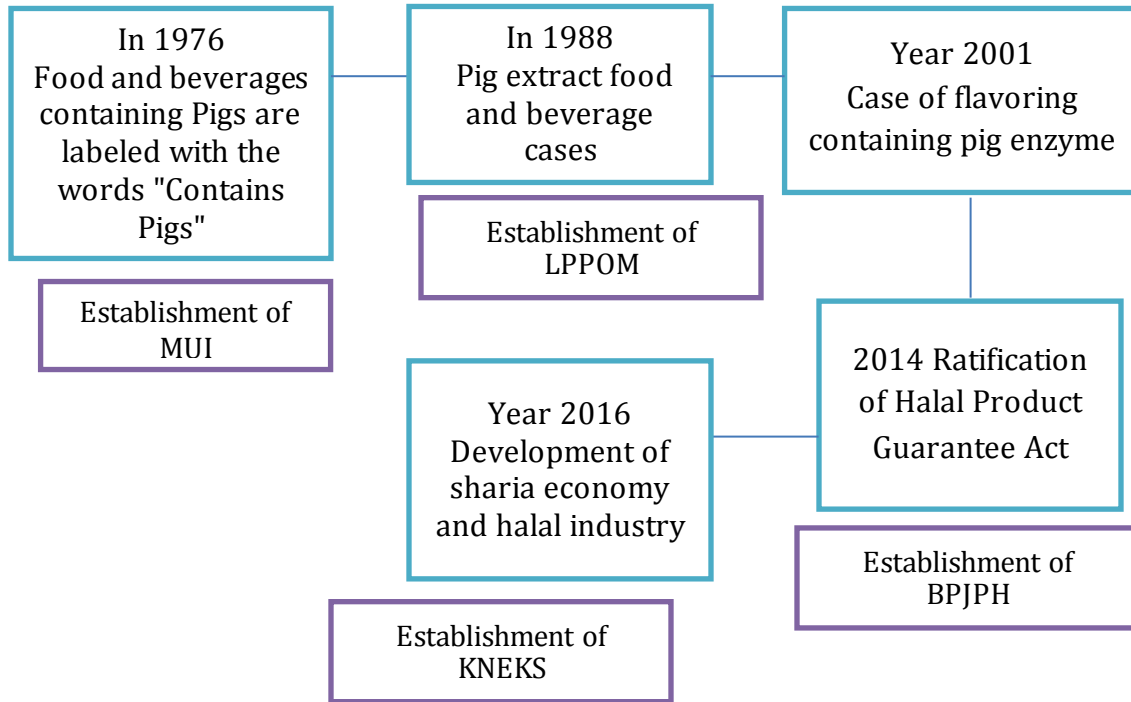
6. Investors.

Investors play a role in creating new product opportunities in the halal industry. As an important factor in implementing the halal roadmap in Indonesia, investors are directed to 1). Provide targeted and planned

funding for halal products; 2). Determine the level of support for the industry, and 3). Allowing individual investors to participate in the halal industry.

Based on the description above, the road map which is the history of the halal industry in Indonesia can be described as follows:

Figure 1.1 Road Map (Historical) Halal Industry in Indonesia



Development Halal Industry in Indonesia

The halal ecosystem is an ecosystem that provides/describes a dynamic system including projections in developing certain fields in the halal industry. The development of a road map for the halal industry, which on a macro level still requires a lot of translation on the micro-scale and real activity units, therefore of these developments should also consider the concept of supporting the development of the halal industry, including in the form of development projections in several areas that will support the growth of the halal industry in Indonesia. Indonesia. Fields that need attention in supporting the halal industry include the fields of production, human resources, infrastructure, services and services, and standardization of halal certification.²³

The intended development projection can be in the form of a final goal to be achieved in the next few years that has been set from the start. The expected infrastructure and support devices in various areas which should be fulfilled and available under current conditions and at predetermined future

²³ Ibid.

stages, also need to be prepared to support the development of the halal industry so that it becomes a complete, mutually integrated, and mutually supportive halal industry ecosystem. involving various relevant stakeholders.

1. Production Sector

From input to output, production to distribution, and marketing to consumers, everything must be interconnected. Beginning with the time they are grown, food items and the inputs that go into them must be halal. This includes the animal feed, fertilizers, and pesticides that are employed.²⁴ This includes the animal feed, fertilizers, and pesticides that are employed. Then, once raw ingredients are transformed into the finished product, the halal value of the product must be preserved. Then, in storage, packing, chilling facilities, and processing, halal food and beverage goods must also be processed and distributed with assurance. After that, marketing must reflect Sharia ideals, first in grocery stores and then when it reaches customers in cafes, hotels, and restaurants. Food that is not halal should not be combined with this product. The usage of Islamic finance is thus required as a final type of development to uphold the integrity and principles of halal. To reduce company risk, the insurance is also sharia compliant.

Based on general trends, many economic players predict that the halal food sector will quickly grow to be a significant market force. First, the world's fastest-growing religion today is Islam, which is driving demand for Halal goods. The consumption of halal cuisine is predicted to increase by 16% annually. Second, there is a propensity for non-Muslim customers to buy more halal food items for moral and security grounds. For instance, there are over 2 million Muslims in the UK, yet there are also 6 million people who eat halal meat. In the Netherlands, where the overall demand is projected to be approximately USD 3 billion annually, non-Muslim Dutch customers have demonstrated a strong interest in Halal food.²⁵

2. Human Resources Field

Preparation of human resources for the Indonesian halal industrial ecosystem is carried out through coaching and professional development for all human resources involved in guaranteeing halal products. This will increase the dedication of the profession to guaranteeing halal products in Indonesia. In the Halal Product Assurance Act (UU JPH) Number 33 of 2014 in article 24 letter c, business actors who apply for halal certification are required to have a Halal Supervisor. The Halal Supervisor has an important role in coordinating and supervising the halal production

²⁴ Ibid.

²⁵ Indexes, "Global Halal Industry : An Overview."

process in the organization. So BPJPH needs to prepare the Indonesian National Work Competency Standards (SKKNI) in the field of halal product assurance to ensure the availability of competent Halal Supervisors according to Islamic law. The Law of the Republic of Indonesia and the Government Regulation mention competence, which is an expression of the quality of human resources formed by the integration of 3 aspects of competence consisting of knowledge aspect (cognitive domain or knowledge), an aspect of ability (psychomotor or skill domain), and aspects of work attitudes (affective domain or attitude/ability).²⁶

There is great potential for the halal industry globally, so in pushing it to the final stage, the role of all relevant stakeholders is very important for the industry to grow. The government's role in providing a conducive and enabling environment for setting standards and regulations is very much needed.²⁷ In guaranteeing halal products, such as establishing an institution that oversees halal product guarantees. The institution will provide halal assistants, halal supervisors, halal auditors, and other stakeholders. In addition, the role of tertiary institutions is also important in forming academics as graduates with an insight into the halal industry.

3. Services and Services Sector

One of the halal industrial ecosystems in the field of services and services is the development of tourism. Halal tourism is the provision of facilities and infrastructure that make it easy for Muslims to obtain available products with halal standards. Halal tourism is very different from religious tourism because halal tourism covers the availability of infrastructure with halal standards so that Muslim visitors can easily access such as restaurants with halal standards, spas with halal standards, hotels, and other supporting facilities as well as places to perform prayers such as the availability of mosques or prayer rooms. As an effort to develop halal tourism (halal tourism), Indonesia is trying to increase the presence of halal/sharia hotels, because hotels are part of the service as stated in Law 33 JPH of 2014. Halal is indeed based on the fatwa of scholars which is based on Islamic law. Before the passing of Law 33 JPH in 2014, there were about 37 Sharia hotels that had received certification in 2013 and 150 hotels that were actively working toward becoming so. There are 2,916 dining establishments, 303 of which have halal certification, and 1,800 are working toward it.²⁸

²⁶ Sukoso et al., *Ekosistem Industri Halal*, vol. 5, p. .

²⁷ Muhammad Ashfaq, "Global Halal Industry : An Overview of Current Developments and Future Perspectives," *Islamic Finance News*, 2018, https://www.researchgate.net/publication/332120184_Global_Halal_industry_An_overview_of_current_developments_and_future_perspectives.

²⁸ Sukoso et al., *Ekosistem Industri Halal*, vol. 5, p. .

According to the State of Global Islamic Economy Report for 2019–2020, halal tourism ranks fifth in terms of economic value, after banking, food, fashion, and media. After Malaysia, the United Arab Emirates, and Turkey, Indonesia's halal tourist sector performs best on the global sharia economic market. This demonstrates that Indonesian halal tourism has satisfied the demands of halal tourists worldwide. To make it more competitive, this capability might be leveraged as capital.²⁹ In light of this, it is essential to have exercises to improve literacy and awareness using social and social engineering techniques with the following main messages: Make halal tourism a deciding factor for travel places that provide unique extras like assurances of security and comfort while on a trip. In addition, the term "halal tourism" can refer to any tourist location that welcomes Muslim visitors (also known as "Muslim friendly tourism"). This may be accomplished by building a variety of halal infrastructural facilities that cater to Muslim visitors' and tourists' extra demands as well as their fundamental needs when they are traveling to, staying at, and departing from a tourist site.

4. Field of Standardization and Halal Certification

The formation of the Halal Product Assurance Organizing Body - "BPJPH," which is qualified to create halal product regulations and standards, is required by UU No. 33 of 2014 (UU 33/2014) concerning Halal Product Guarantee. The Halal Inspection Agency - "LPH" is accredited, and the BPJPH has additional powers such as issuing and revoking halal certificates and labels, registering foreign product halal certificates, accrediting halal auditors, and collaborating with both domestic and international institutions to implement halal product guarantees.³⁰

Based on the law on halal product guarantees, the standards used are those issued by the government, in this case, the National Standardization Agency (BSN). BSN has issued SNI 99001:2016, related to the halal management system. The Halal Product Assurance System (SJPH), which is still being developed by BPJPH, is referred to as the Quality Assurance System (QAS) in comparison to established quality certification systems like the Hazard Analysis of Critical Control Points (HACCP) and the ISO series (ISO 9001:2000 or ISO 22000:2005). To govern materials, manufacturing processes, products, human resources, and procedures that assure the continuity of the halal production process by the standards set by BPJPH through the SJPH document, SJPH is an

²⁹ KNEKS, *Strategi Pengembangan Industri Halal Indonesia* (Jakarta, 2021).

³⁰ Islamic Economy, *Indonesia Halal Markets Report 2021/2022* (Jakarta, 2021).

integrated management system that has been created, implemented, and maintained.³¹

The Halal Product Assurance System (SJPH)'s guiding principles are based on dedication, customer demands, quality improvement without raising prices, and occasionally generating items that are free of flaws, don't require any recycling, and don't even require inspection. SJPH has also adopted another principle in Total Quality Management in which increased knowledge must occur at any time for everyone at all levels of the organization, through learning, practice, and participation in halal management and activities to increase productivity. Standardization of halal product guarantees in Indonesia must follow and be in line with the standards set by ISO (International Standardization Organization) to gain global recognition.

5. Infrastructure Sector

The creation of a halal industrial park is one of the predictions for the growth of the halal business in the infrastructure sector. To build an industrial or commercial environment that generates halal products through the halal product assurance system, a region may be designated as a "halal area" in part or its entirety. Goals: 1. Strengthen and accelerate the halal industry's ecosystem in Indonesia; 2. Promote the halal sector's efficient and effective growth in Indonesia; 3. Provide for both local and export demands that are competitive on the world halal market. The Minister of Industry's Regulation No. 17 of 2020, which addresses how to get a certificate in the context of establishing a halal industrial zone, supports this.³²

The strategy for reviving the halal industrial area is that the event organizer will schedule an event to be held in the area. Large events, national and international scale. Opportunity to bring people to visit the area. These events include cooking competitions, certain sports competitions, cultural arts performances, and IT-based creative economy development competitions. For example by organizing a sports game competition event. In addition, tourists who visit areas that enjoy tourist objects are directed to visit industrial areas as an integrated part of tourism (NTB, 2020). The importance of the number of visits to increase the economic value of the region. Visitors will be provided with a kind of vehicle to surround the area. Enjoy regional specialties of food and drink provided by the Food Court unit and exhibitions of regional handicraft products. The area is also provided for light sports activities and facilities for the disabled, to provide comfort for all visitors.

³¹ Sukoso et al., *Ekosistem Industri Halal*, vol. 5, p. .

³² Yudi Ahmad Faisal, *Industri Halal Dan Pengembangan Kawasan Halal Berbasis Kearifan Lokal*, Pusat Studi Manajemen Dan Bisnis FEB UNPAD (Bandung, 2021).

Figure 2



Based on figure 1.2 above, there are six (6) halal industrial areas in Indonesia that are temporarily in the process of development, namely as follows:

- a. Safe N Lock Halal Industrial Park in Sidoarjo;

The first halal industrial area is called Safe n Lock Halal Industrial Park in Sidoarjo. In its projection, this area will become the largest halal industrial area in Indonesia. Safe n Lock has an area of 148 hectares. However, for now, the construction has only reached the first stage. In the first phase, there are 10 hectares and in the second phase are 138 hectares. In this first phase, business actors can already occupy this area. If later the use of the entire 148 hectares of land can be occupied or used by business actors, then the quota distribution is 70 percent for MSMEs and 30 percent for Small and Medium Industries. This is by the recommendations of the central government.

- b. Bintan Inti Riau Halal Industrial Estate;

The second area is the Bintan Inti Industrial Estate. This area is located in Bintan Regency. Seeing the potential industrial development in Bintan Regency, the government decided to build one of the three halal industrial estates in Indonesia. This area is built on an area of 6.5-100 Ha. Bintan Inti Halal Food Hub is in the Bintan Industrial Estate area, namely Bintan Regency, Riau Islands. The Bintan Inti Halal Food Hub develops food processing with halal raw materials, starting by paying attention to raw materials from agriculture, plantations, and livestock. In addition, they are also willing to support packaging, cold chain, and logistics services.

c. Modern Halal Valley in Cikande Serang area, Banten;

The third halal industrial area is Modern Halal Valley in Cikande Serang, Banten. Modern Halal Valley is the first area in Indonesia that has received a halal industrial zone certificate from the Ministry of Industry on September 2, 2020. This is a significant step for Modern Halal Valley because it allows the operational development of the halal ecosystem. Modern Halal Valley is located on an area of 500 hectares which will continue to grow. Within the Modern Halal Valley area, there is a halal industrial zone with an environmentally friendly concept that adheres to Sharia values in its development. Modern Halal Valley consists of halal clusters that offer synergy and innovation for the industry and its entire supply chain.

The strategic location of Modern Halal Valley can also make this area able to benefit local, regional, and international halal needs. Modern Halal Valley is located in Modern Cikande Industrial Estate in Banten. It is directly connected to Cikande Toll Gate access, Java port, Soekarno-Hatta International Airport, as well as the Jakarta metropolitan area so its position is very strategic.

d. Batamindo Industrial Park Riau;

The halal industrial area is designed to develop products that comply with halal product assurance. Based on data from the Ministry of Industry, the halal zone area in Batamindo Industrial Park is 17 hectares out of a total area of 320 hectares. In addition, the area will be equipped with many supporting sectors, from halal certification offices to halal logistics transportation. As a halal industrial area, several criteria have begun to be implemented, including having a halal industrial area management, having or cooperating with a halal inspection and testing laboratory, a clean water management system according to halal requirements, having a trained workforce in the implementation of halal product assurance, and a halal industrial area barrier. To support efforts to increase exports of halal products in Indonesia, the government also plans to launch a gateway or special door for export activities for halal food products. So with this halal industry development commitment, it is expected to increase Indonesia's economic growth and GDP by optimizing the halal industrial area.

e. Jakarta Industrial Estate Pulogadung;

This area will also become a Halal Industrial Ecosystem for fashion, pharmaceutical, and cosmetic products, food centers, halal laboratories, and halal centers. The importance of the halal industrial area for the halal industry is needed to encourage halal product production activities. The following are the details and main roles expected from the halal industrial estate: a. Accelerate the growth of

the halal industry The halal industry is one of the important and prospective industries in Indonesia because Muslims are the majority of the population and seeking and using halal products is a religious obligation that must be fulfilled. The increase in the value and volume of halal production is largely due to increased demand, especially from the Muslim population and it greatly impacts the growth and development of the halal industry in Indonesia and the economy in general.

The existence of halal areas is expected to accelerate the halal industry because the infrastructure along with all supporting facilities are in this area. b. Fostering halal industrial activities to be centralized and located in halal areas to meet national demand and exports. One infrastructure that facilitates the growth of the halal industry is the halal area - a halal-oriented business community built on shared property where they are provided with infrastructure and service support. It is expected that the government will help make halal zones a success in Indonesia by attracting foreign companies, and national private companies to invest in halal zones built in many locations across the country.

f. Surya Borneo Industrial Estate Kalimantan;

Last but not least is the Surya Borneo Industrial Estate, Central Kalimantan, with an area of 146.5 hectares. In this area, sharia compliance is a halal requirement. The halal area exists to meet the needs of Muslim consumers in particular and other consumers, where Islamic values are created Halal Industrial Ecosystem to accommodate sharia values, fatwas, and Islamic customs. In addition, the concept of halal includes not only the religious aspects of the product, but also the safety, hygiene, and environmental aspects of the product. This is very much in line with the idea of an environmentally friendly industrial estate, where the production of goods should not cause damage to the environment. Although there are many models in the environmentally friendly industrial estate, none have yet been formulated in the halal area of the environmentally friendly industry. It is therefore very important for stakeholders and relevant authorities to consider this aspect. In developing the halal zone, stakeholders should also consider the requirements of environmentally safe production processes, and formulate sustainable strategies to maintain compliance with the requirements throughout the halal zone operations. These strategies can be developed by understanding best practices in this area.

CONCLUSION

The road map for the halal industry in Indonesia is the most important part of building a halal ecosystem that can maintain the economic system of a country and the world. The halal ecosystem is one of the ecosystems that can provide and describe a dynamic economic system, with the development of its supporting components which include the development of related fields according to halal requirements in its components and stages. In terms of having a road map for halal growth, the establishment and development of the halal ecosystem will be more thoroughly and methodically created. To expand the halal sector in Indonesia, several stakeholders must be strengthened. These stakeholders include the institutional development of the government/ authorities, consumers, investors, and commercial players. Indonesia can advance as a significant participant in the global halal business and produce competent Human Resources (HR) in their disciplines with a plan for the growth of the halal sector and its consistent and sustainable execution. In addition, it is necessary to consider and begin implementing the growth of the halal sector in the domains of production, infrastructure, services, and services so that the halal industry in Indonesia may flourish.

One of the most important is the legislation and derivative regulations that accompany these laws and are accompanied by a complete implementation of the halal industry roadmap, namely that the government, industry, and academia must work together to balance the development needs of the halal industry and its management through formal and non-formal education, whether organized by educational institutions, training institutions or certifying institutions.

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